City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended 6/30/08

Publication Date: 7/31/08

Office of the City Treasurer—Investments Division

Economic Commentary

The latest quarter proved to be another eventful one, as the Fed changed tack in their main policy focus from a slowing economy and financial market dislocation to containing inflation. Though the minutes from the most recent Fed meeting in June indicate that inflation should moderate later this year, Fed Chairman Ben Bernanke has expressed that such assumptions have a high degree of uncertainty, mainly due to a spike in energy and commodity prices.

This shift in focus, and a more hawkish tone, combined with a partial reversal of the flight-to-quality trade that has been persistent over the past several quarters, caused interest rates to increase over the quarter, particularly in the 2 year sector (see Chart 1, below).

As mentioned above, the past quarter saw a dramatic surge in the price of energy and food commodities. The price of crude oil rose nearly 40% during the quarter (see Chart 2, below), leading to a large increase in retail gasoline prices. Coupled with a rise in food prices, a weak job market and continued weakness in housing, the consumer faces significant headwinds going forward, which has been confirmed in the deterioration of multiple gauges of consumer confidence.

Particularly disturbing to the Fed is the increase in longer-term inflation expectations by consumers which have been trending higher in recent confidence reports. The Fed's fear is that if consumers expect higher future prices for goods and services, they will be more apt to readily pay the higher prices, allowing producers to pass through their higher costs. These higher prices will result in labor demanding higher wages, which begins an inflationary spiral that is hard to fight once underway. This is what the Fed hopes to stop in its tracks.

Despite all of the bad news over the past quarter, there were some bright spots. The financial stimulus package has so far had its desired effect, as people have been spending at least a portion of their tax rebate checks. Also, the falling dollar continues to prop up exports and earnings for U.S. companies who do business overseas. GDP for the 2nd quarter is widely expected to be positive and higher than the 1st quarter's 1% growth number, a contrast with earlier forecasts of recession.

The longer term outlook is not as positive, however. Once the effects of the financial stimulus package wane, all of the negatives mentioned previously, plus the prospect of continued inflation should provide a substantial headwind for the economy.

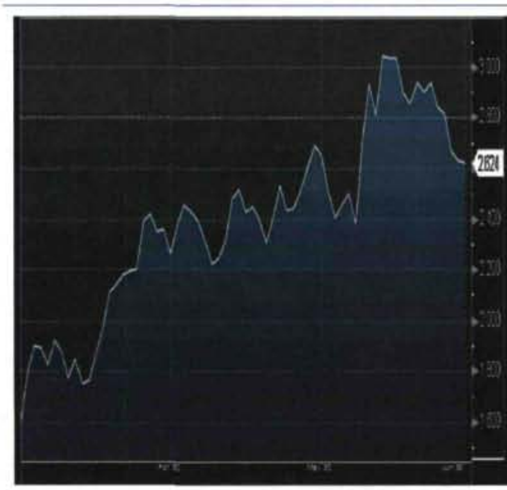


Chart 1: 2 year Treasury Yield: 3/31/08–6/30/08 (Source: Bloomberg)

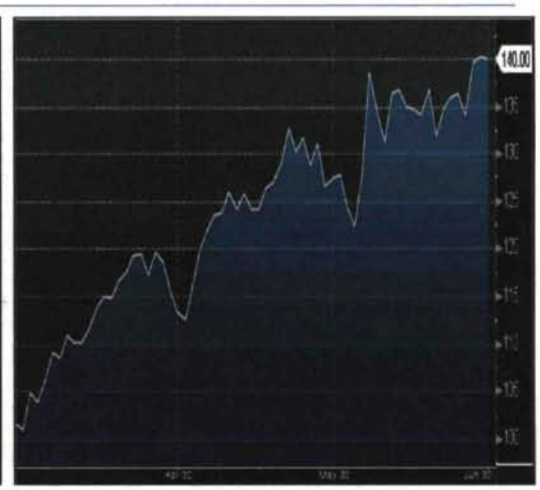


Chart 2: Spot WTI Crude Oil Price (per barrel): 3/31/08-6/30/08 (Source: Bloomberg)

Quarterly Economic Highlights

- The Federal Reserve lowered the overnight Fed Funds rate to 2% in its April 30 meeting, and held it there at the June 25 meeting.
- Energy and food prices increased dramatically during the quarter.
- 70% of the Economic Stimulus checks were delivered during the quarter, bolstering retail spending.
- The Federal Reserve adopted a more hawkish tone during the quarter in an effort to curb inflationary pressures.
- GSEs in turmoil. See page 2 for more in the *Hot Topic Corner*.

Contents:

Hot Topic Corner—GSE's in the News

Recent headlines on the two largest Government Sponsored Enterprises (GSE's), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), have stirred up fears of investor losses and potential insolvency.

These traditionally staid institutions play an important role in the US housing market, as they combine to own or guarantee nearly half of the $12 trillion residential mortgage market. With the implicit backing of the US Government, these institutions are able to fund themselves at lower rates than other financial institutions, and thus can buy mortgages or guarantee them to earn an attractive spread. This is important, as banks will originate more mortgages, knowing that they will be able to sell them to one of the GSEs or get their guarantee and package them into Agency Mortgage-backed securities for sale. This process ultimately allows financial institutions to originate more mortgages, and allows more Americans to own homes.

The recent troubles of the GSEs have actually called into question the solvency of these institutions, and whether or not the implicit government backing will become explicit.

In recent days, OFHEO, the regulator of the GSEs has stated that both Fannie and Freddie are adequately capitalized, and both the Treasury and Fed have indicated their willingness to stand behind these institutions, as failure of either would be too disruptive to the housing market (currently, agency-backed mortgages are essentially the only open mortgage origination channel) and to the broader financial markets.

We believe that both GSEs will make it out of this crisis intact, without much need for government bailout or nationalization. The debt of both continue to trade readily, although with a higher risk premium than long-term average.

If the worst case is realized, and the government is forced to take over these agencies, this should actually be a tremendous positive for the price of the senior bonds, as the yields should converge towards the yield of US Treasury debt, resulting in outperformance versus Treasuries.

We are watching the situation closely, and we feel that the investments in the debt of both GSEs continue to satisfy both the safety of principal and liquidity mandates of our Investment Policy.

Key Economic Indicators

Indicator	*Period*	*Report Current*	*As Reported Last Quarter*	*Difference*
Federal Funds Rate	6/25/08	2.0%	2.25%	(0.25%)
Consumer Price Index (MoM)	JUN	1.1%	0.3%	0.8%
Consumer Price Index (YoY)	JUN	5.0%	4.0%	1.0%
Producer Price Index (MoM)	JUN	1.8%	1.0%	0.8%
Producer Price Index (YoY)	JUN	9.2%	6.9%	2.3%
Durable Goods Orders	MAY	0.0%	(0.3%)	(0.3%)
Gross Domestic Product (Annualized)	Q1F	1.0%	0.6%	0.4%
ISM (Manufacturing)	JUN	50.2	48.6	1.6
ISM (Non-manufacturing)	JUN	48.2	49.6	(1.4)
Retail Sales	JUN	0.1%	0.2%	(0.1%)
Unemployment Rate	JUN	5.5%	5.1%	0.4%
Change in Non-farm Payrolls	JUN	(62,000)	(80,000)	18,000
Consumer Confidence (Univ. of Michigan)	JUN (final)	56.4	69.5	(13.1)
Existing Home Sales	JUN	4.86(mil)	4.93(mil)	(0.07)(mil)
New Home Sales	JUN	0.530(mil)	0.526(mil)	.004(mil)
Housing Starts	JUN	1,066(mil)	988(mil)	78(mil)
Median Home Price (existing)	JUN	$213,800	$198,200	$15,600
NYMEX WTI CRUDE OIL (barrel)	6/30/08	$140.00	$101.58	$38.42
S&P 500 Stock Index	6/30/08	1,280.00	1,322.83	(42.83)

Portfolio Performance

The Core Portfolio outperformed its benchmark, the Merrill Lynch 1-3 year Treasury Index by 14 basis points over the past quarter, returning -0.71 percent versus -.85% for the index.

Chart 3 (right) shows a bear flattening yield curve, with rates in the short end of the curve, notably in the 2-year sector, rising more than rates in the longer end. This was a result of investors positioning for potential future Fed rate hikes due to heightened inflationary concerns.

As we remained mainly neutral on a duration basis versus our index, the increase in rates had little effect on the portfolio, adding just 1 basis point of outperformance.

The reshaping of the yield curve also had minimal effect on the portfolio, adding just 2 basis points of outperformance. The portfolio was underweight in the 2 year sector for most of the quarter, which helped as the 2 year was the worst performing point on the yield curve.

Most of the outperformance versus the index resulted from bonds rolling down the yield curve and exposure to spread products, namely agency debt and corporates. Amortization and roll effect contributed 23 basis points of outperformance, and sector effect added 4 basis points.

Income effect detracted 6 basis points from the portfolio due to the average coupon income in the index being higher than that of the portfolio. This occurred as a result of our being more heavily weighted in recently-issued (and more liquid) securities than the index, which includes more bonds issued when interest rates were higher.

Security selection subtracted approximately 11 basis points of performance from the portfolio, though this is mainly attributable to the timing of a trade at quarter end, and its effect on the database. That performance will be recaptured in the following month.

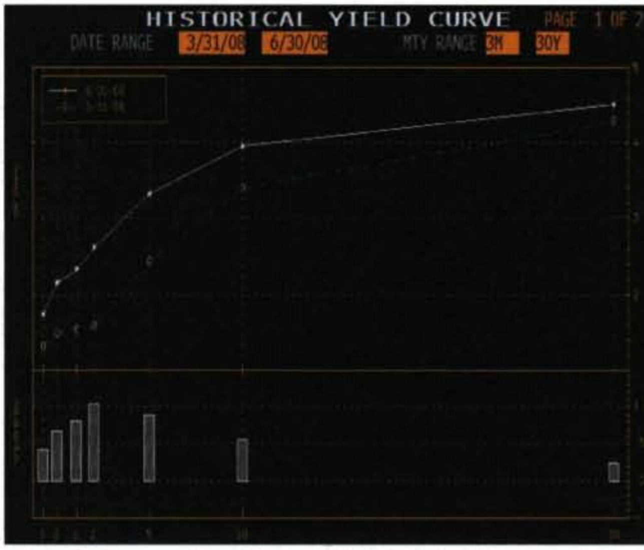


Chart 3: Treasury Yield Curve 3/31/08 - 6/30/08 (Source: Bloomberg)

Returns

The City's Total Pooled Investment fund is broken into a Liquidity portfolio, which is short-term in nature (0-1 year) and managed on an Earned Income Yield basis, and a Core portfolio, which is longer in maturity (0-5 years) and managed on a total-return basis versus an index (Merrill Lynch 1-3 Year Treasury Index).

Earned Income Yield

	Q2 2008	Q1 2008	Q4 2007	FYTD 2008	1 Year	3 Year
Total Pooled Investment Fund	3.56%	6.59%	5.00%	5.03%	5.03%	4.48%
Core Portfolio	3.69%	7.77%	5.04%	5.38%	5.38%	4.41%
Liquidity Portfolio	3.04%	4.73%	4.92%	4.44%	4.44%	4.60%

Total Return—Core Portfolio

	Q2 2008	Q1 2008	Q4 2007	FYTD 2008	1 Year	3 Year*
Core Portfolio	(0.71%)	3.03%	2.27%	7.27%	7.27%	4.96%
Merrill Lynch 1 - 3 Year Treasury Index	(0.85%)	2.98%	2.36%	7.31%	7.31%	4.71%
Difference	0.14%	0.05%	(0.09%)	(0.04%)	(0.04%)	0.25%

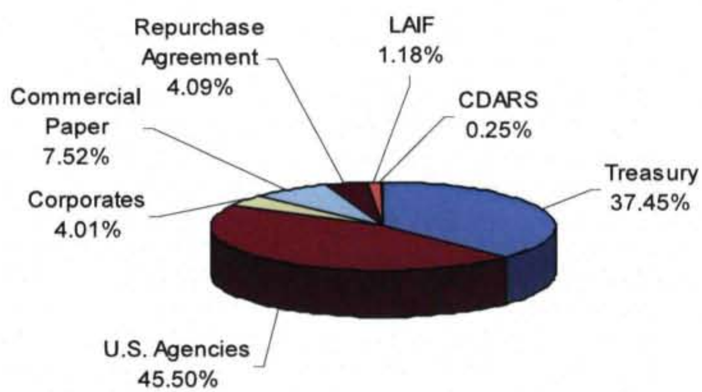
*Annualized

Portfolio Profile as of June 30, 2008

	Liquidity	*Core*
Portfolio Size	$788,160,232	$1,246,250,308
% of total pool	38.74%	61.26%
Portfolio Duration*	0.288	1.590
Index Duration*	0.373	1.661
% of index	77.21%	95.73%
Weighted Average Days to Maturity	106	619

* Macaulay's Duration for fund 9997 and Effective Duration for fund 9998

Asset Allocation



Issuer Exposure

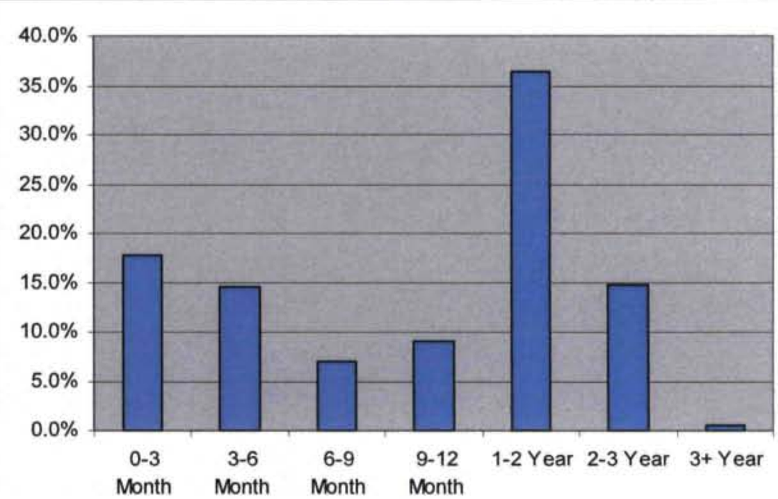
Issuer	% of Portfolio
US Treasury	37.45%
Freddie Mac	16.07%
Fannie Mae	13.22%
Federal Home Loan Bank	12.97%
Federal Farm Credit Bank	3.23%
Toyota Motor Credit	2.42%
General Electric Capital	1.93%
Cargill Global Funding	1.23%
Nestle Finance	1.23%
Societe General NA	1.21%
Walmart	0.77%
American Honda Finance	0.75%
Credit Suisse	0.48%
Wells Fargo Corp.	0.47%
Illinois Tool Works	0.46%
Abbott Laboratories	0.35%
HSBC Finance	0.24%

Credit Ratings

Ratings Bucket	% of Portfolio
US Treasury (AAA)	37.45%
Agency (AAA)	44.74%
AAA/A1	8.02%
AA	3.53%
A	0.75%
Below A	0.00%

- Commercial Paper is all rated A1 or A1+ and is included in the AAA/A1 bucket.
- Repurchase agreement is not included, though it is collateralized at 102% by AAA-rated collateral with an A-rated counterparty.
- CDARS is not included as it is comprised of FDIC-insured CDs.
- LAIF is not included.

Pool Maturity Distribution



Portfolio Strategy

As we approach the one-year anniversary of the flight-to-quality trade and subprime mortgage-induced market dislocation, the capital markets remain extremely volatile.

Though the Fed has indicated that it will remain a staunch fighter of inflation, a slowing economy and renewed concerns around financial firms and the GSEs should keep them from hiking interest rates in the near future. As a result, we expect rates to be fairly range-bound over the next several quarters until the economy, particularly the financial sector, begins to show signs of stability and some recovery.

We have kept portfolio duration neutral to the benchmark over the past few quarters, and will continue to do so this quarter. While our longer term view is for the Fed to begin hiking rates once the economy and financial markets stabilize, this could take several quarters, and risks remain that another market dislocation could result in another flight-to-quality episode and significantly delay any interest rate hikes.

Exposure to spread products such as US Agency debt and corporate debt have had a mixed effect on performance over the past fiscal year, as spreads widened, causing underperformance on a price basis, but enhancing forward portfolio yield.

Due to the recent headlines and volatility of the 2 major GSEs (see story on page 2), we will not be adding any exposure to Fannie Mae or Freddie Mac bonds, but will look for opportunities in the other Agency issues, such as Federal Home Loan Bank System, Federal Farm Credit System, and Tennessee Valley Authority, which do not have the same headline risk, but do offer yield enhancement possibilities. Also, as volatility subsides, we may look to add callable securities for yield enhancement.

Corporate exposure in the portfolio has decreased over the past few quarters, as we have let issues mature and have sold selected issues. While we do not intend to add to financial issuers in the near term, we will continue to look for opportunities in highly rated industrial names with little cyclical exposure to the US consumer.

Projected Portfolio Cash Flows

The Investment staff has reviewed and the City Treasurer has affirmed that the Pooled Investment Fund has sufficient maturities and liquidity to meet the City's expenditure requirements for the next six months per California Government Code §53646.

MONTH	CASH INFLOWS	CASH OUTFLOWS	NET MONTHLY CASH-FLOWS	CUMULATIVE NET CASHFLOWS
July	434	381	53	53
August	200	187	13	66
September	283	175	108	174
October	252	202	50	224
November	220	199	21	245
December	357	224	133	378

(All dollar amounts in millions)

Legend:

Cash Inflows- All revenues, reimbursements, interest receipts and investment maturities.

Cash Outflows- All disbursements to include payroll, pension payroll, accounts payable and wire transfer payments (e.g. water payments, IRS taxes & bond payments).

Cumulative Net Cashflow- All future cumulative net flows available for reinvestment. Since the target duration of the Liquidity Portfolio is approximately .33 years it will not be unusual for the cumulative net Cashflow figure to equal or closely approximate the size of the Liquidity Portfolio.

Cashflows based on Actual Cashflows where applicable, otherwise, based on quarterly updated projection Cashflows.

Portfolio Compliance with Investment Policy

The City of San Diego Pooled Investment Fund is in full compliance with the City Treasurer's Investment Policy, which is more restrictive than the California Government Code. The Investment Policy is reviewed annually by the City's Investment Advisory Committee and approved by the City Council.

Category	Standard	Comment
Duration (Core) Duration (Liquidity)	ML 1-3 Year +/-20% US T-bill 3-6 months +/-40%	Complies - 95.73 % Complies - 77.21 %
Maximum Maturity	5 years	Complies
Agency Securities	100% maximum	Complies - 45.50%
FNMA	33.3% maximum	Complies- 13.22%
FHLMC	33.3% maximum	Complies - 16.07 %
FHLB	33.3% maximum	Complies - 12.97 %
FFCB	33.3% maximum	Complies - 3.23 %
Callable Securities	30% maximum	Complies - 2.17 %
MBS/CMO's	5 yr maximum- 20% max.	Complies - None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies - None in Portfolio
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies - 7.52 %
Banker's Acceptances	A1/P1- 5% per issuer	Complies - None in Portfolio
	40% maximum	Complies - None in Portfolio
Medium Term Notes (includes Bank Notes)	'A' Rating' by at least two agencies	Complies
	3 year maximum	Complies
	30% maximum	Complies - 4.01%
Mutual Funds	20% maximum	Complies - None in Portfolio
FDIC-insured Certificates of Deposit	1% maximum	Complies - 0.25%
Certificate and Public Deposits	30% maximum	Complies - None in Portfolio
Reverse Repos	20% maximum	Complies - None in Portfolio
Futures and Options	Prohibited	Complies - None in Portfolio
Custody	Bank trust dept.	Complies - Bank of NY
Exposure per issuer (corporate)	5% of total portfolio	Complies
Structured Notes	8% maximum/no multiple index structures.	Complies
Municipal Securities	'A' Issuer Rating by an NRSRO	Complies - None in Portfolio
	20% maximum	Complies - None in Portfolio
	5% of total portfolio exposure per Issuer or Insurer, excluding California General Obligations	Complies - None in Portfolio

City of San Diego Pooled Investment Fund Holdings as of June 30, 2008

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Bill	US Treasury	1.271	9/11/2008	$20,000,000.00	$19,875,724.44	$19,931,250.00
US Treasury Note	US Treasury	4.875	5/15/2009	$20,000,000.00	$20,093,750.00	$20,425,000.00
US Treasury Note	US Treasury	4.875	5/31/2009	$30,000,000.00	$29,992,968.75	$30,675,000.00
US Treasury Note	US Treasury	4.625	7/31/2009	$50,000,000.00	$50,062,500.00	$51,187,500.00
US Treasury Note	US Treasury	4.875	8/15/2009	$20,000,000.00	$20,076,562.50	$20,531,250.00
US Treasury Note	US Treasury	4.875	8/15/2009	$50,000,000.00	$50,279,296.88	$51,328,125.00
US Treasury Note	US Treasury	4.875	8/15/2009	$25,000,000.00	$25,277,343.75	$25,664,062.50
US Treasury Note	US Treasury	3.375	9/15/2009	$60,000,000.00	$61,625,237.77	$60,768,750.00
US Treasury Note	US Treasury	4	9/30/2009	$45,000,000.00	$45,059,765.63	$45,914,062.50
US Treasury Note	US Treasury	4	9/30/2009	$45,000,000.00	$45,059,765.63	$45,914,062.50
US Treasury Note	US Treasury	1.75	3/31/2010	$30,000,000.00	$29,998,532.40	$29,615,625.00
US Treasury Note	US Treasury	2.125	4/30/2010	$50,000,000.00	$49,752,887.23	$49,640,625.00
US Treasury Note	US Treasury	2.125	4/30/2010	$75,000,000.00	$74,882,813.25	$74,460,937.50
US Treasury Note	US Treasury	2.625	5/31/2010	$30,000,000.00	$30,008,990.78	$30,018,750.00
US Treasury Note	US Treasury	2.875	6/30/2010	$75,000,000.00	$74,879,369.25	$75,375,000.00
US Treasury Note	US Treasury	2.875	6/30/2010	$75,000,000.00	$74,957,962.50	$75,375,000.00
US Treasury Note	US Treasury	4.25	1/15/2011	$50,000,000.00	$50,175,781.25	$51,890,625.00
US Treasury Note	US Treasury	4.25	1/15/2011	$10,000,000.00	$9,908,984.37	$10,378,125.00
Treasury Total			***37.45%***	***$760,000,000.00***	***$761,968,236.38***	***$769,093,750.00***
US Agency	Freddie Mac	3.88	7/3/2008	$30,000,000.00	$29,340,400.00	$30,000,000.00
US Agency	Freddie Mac	2.13	8/8/2008	$25,000,000.00	$24,911,250.00	$24,937,500.00
US Agency	Freddie Mac	2.15	8/22/2008	$25,000,000.00	$24,889,513.89	$24,921,875.00
US Agency	Federal Home Loan Bank	2.43	9/17/2008	$25,000,000.00	$25,161,621.75	$24,992,187.50
US Agency	Federal Home Loan Bank	2.03	9/22/2008	$40,000,000.00	$39,591,744.44	$39,787,500.00
US Agency	Freddie Mac	2.1	9/22/2008	$40,000,000.00	$39,577,666.67	$39,787,500.00
US Agency	Fannie Mae	2.18	10/3/2008	$25,000,000.00	$24,677,541.67	$24,843,750.00
US Agency	Fannie Mae	2.18	10/3/2008	$30,000,000.00	$29,616,683.33	$29,812,500.00
US Agency	Fannie Mae	2.4	10/17/2008	$45,000,000.00	$44,673,000.00	$44,676,562.50
US Agency	Freddie Mac	2.45	10/31/2008	$12,750,000.00	$12,643,271.88	$12,646,406.25
US Agency	Fannie Mae	2.14	11/10/2008	$31,000,000.00	$30,530,091.67	$30,719,062.50
US Agency	Fannie Mae	2.52	12/12/2008	$21,000,000.00	$20,757,450.00	$20,763,750.00
US Agency	Freddie Mac	2.02	12/19/2008	$25,000,000.00	$24,626,861.11	$24,703,125.00
US Agency	Federal Home Loan Bank	3.72	12/24/2008	$26,000,000.00	$25,035,486.67	$25,683,125.00
US Agency	Federal Farm Credit Bank	3.75	1/15/2009	$25,000,000.00	$25,569,812.50	$25,132,812.50
US Agency	Federal Home Loan Bank	2.166	1/20/2009	$20,000,000.00	$19,614,933.33	$19,712,500.00
US Agency	Federal Home Loan Bank	2.75	2/20/2009	$15,000,000.00	$15,000,000.00	$14,995,312.50
US Agency	Federal Home Loan Bank	2.147	3/27/2009	$25,000,000.00	$24,506,488.19	$24,507,812.50
US Agency	Freddie Mac	5.25	5/21/2009	$60,000,000.00	$60,362,400.00	$61,237,500.00
US Agency	Freddie Mac	5.25	5/21/2009	$25,000,000.00	$24,983,500.00	$25,515,625.00
US Agency	Federal Home Loan Bank	5.25	6/12/2009	$25,000,000.00	$24,968,750.00	$25,539,062.50
US Agency	Freddie Mac	4.625	9/28/2009	$5,000,000.00	$5,000,000.00	$5,103,125.00
US Agency	Federal Farm Credit Bank	5	10/23/2009	$20,000,000.00	$20,243,600.00	$20,537,500.00
US Agency	Federal Home Loan Bank	2.75	6/18/2010	$25,000,000.00	$24,976,500.00	$24,773,437.50
US Agency	Freddie Mac	2.875	6/28/2010	$35,000,000.00	$34,990,550.00	$34,781,250.00
US Agency	Fannie Mae	3	7/12/2010	$75,000,000.00	$74,946,750.00	$74,671,875.00
US Agency	Federal Home Loan Bank	3.5	7/16/2010	$25,000,000.00	$24,971,250.00	$25,117,187.50
US Agency	Federal Home Loan Bank	4.5	9/10/2010	$20,000,000.00	$20,074,800.00	$20,475,000.00
US Agency	Freddie Mac	5.875	3/21/2011	$5,000,000.00	$5,147,200.00	$5,264,062.50

City of San Diego Pooled Investment Fund Holdings as of June 30, 2008 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Agency	Freddie Mac	5.875	3/21/2011	$10,000,000.00	$10,295,197.80	$10,528,125.00
US Agency	Fannie Mae	3	4/1/2011	$19,000,000.00	$18,832,926.67	$18,655,625.00
US Agency	Federal Farm Credit Bank	2.625	4/21/2011	$20,000,000.00	$19,937,000.00	$19,518,750.00
US Agency	Fannie Mae	3.375	5/19/2011	$25,000,000.00	$24,991,500.00	$24,875,000.00
US Agency	Federal Home Loan Bank	3.375	6/24/2011	$20,000,000.00	$19,999,200.00	$19,875,000.00
US Agency	Freddie Mac	3.875	6/29/2011	$20,000,000.00	$19,951,400.00	$20,156,250.00
US Agency	Freddie Mac	5.3	1/9/2012	$10,000,000.00	$10,301,011.11	$10,096,875.00
U.S. Agency Total			***45.50%***	***$929,750,000.00***	***$925,697,352.68***	***$929,344,531.25***
Repurchase Agreement	Overnight Repo	2.35	7/1/2008	$83,149,188.00	$83,149,188.00	$83,149,188.00
LAIF	California State Pool	4.18	7/1/2008	$24,040,990.90	$24,040,990.90	$24,040,990.90
Commercial Paper	Cargill Global Funding	2.55	7/1/2008	$25,000,000.00	$24,998,229.17	$25,000,000.00
Commercial Paper	Nestle Finance Intl.	2.16	7/10/2008	$25,000,000.00	$24,953,500.00	$24,984,062.50
Commercial Paper	General Electric Capital	3.41	10/10/2008	$30,000,000.00	$29,232,750.00	$29,758,441.67
Commercial Paper	Societe General NA	2.88	11/26/2008	$25,000,000.00	$24,640,000.00	$24,691,666.67
Commercial Paper	Toyota Motor Credit	2.6	11/26/2008	$25,000,000.00	$24,675,000.00	$24,691,666.67
Commercial Paper	Toyota Motor Credit	2.67	1/23/2009	$25,000,000.00	$24,499,375.00	$24,550,805.56
Non-Negotiable CDs	NNB CDARS	3.78	3/20/2009	$5,000,000.00	$5,000,000.00	$5,000,000.00
Repo, BA's, CD's, CP,	***LAIF, Funds Total***		***13.04%***	***$267,190,178.90***	***$265,189,033.07***	***$265,866,821.97***
Medium Term Note	HSBC Finance	4.125	12/15/2008	$5,000,000.00	$4,910,350.00	$4,992,250.00
Medium Term Note	Credit Suisse FB USA	3.875	1/15/2009	$10,000,000.00	$9,707,000.00	$9,984,700.00
Medium Term Note	Abbott Laboratories	3.5	2/17/2009	$7,030,000.00	$7,142,757.29	$7,039,490.50
Medium Term Note	Illinois Tool Works	5.75	3/1/2009	$9,150,000.00	$9,295,210.50	$9,296,125.50
Medium Term Note	Wells Fargo Bank	3.125	4/1/2009	$10,000,000.00	$9,539,100.00	$9,954,800.00
Medium Term Note	American Honda Finance	4.5	5/26/2009	$15,000,000.00	$15,228,900.00	$15,089,062.50
Medium Term Note	Wal-Mart	6.875	8/10/2009	$5,000,000.00	$5,206,700.00	$5,183,800.00
Medium Term Note	Wal-Mart	6.875	8/10/2009	$10,000,000.00	$10,503,300.00	$10,367,600.00
Medium Term Note	General Electric Capital	5.25	10/27/2009	$10,000,000.00	$10,022,600.00	$10,167,900.00
Corporate MTN's and Other Notes Total			***4.01%***	***$81,180,000.00***	***$81,555,917.79***	***$82,075,728.50***
Grand Total			***100.00%***	***$2,038,120,178.90***	***$2,034,410,539.92***	***$2,046,380,831.72***

Market Values are determined by using Sungard pricing as the primary source. CMS Bondedge, Bloomberg, Custody Bank (BNY Mellon) and pricing provided by broker/dealers are all used to reconcile and determine correct prices.